

OPEN MEETING AGENDA ITEM

From: Abhay Padgaonkar

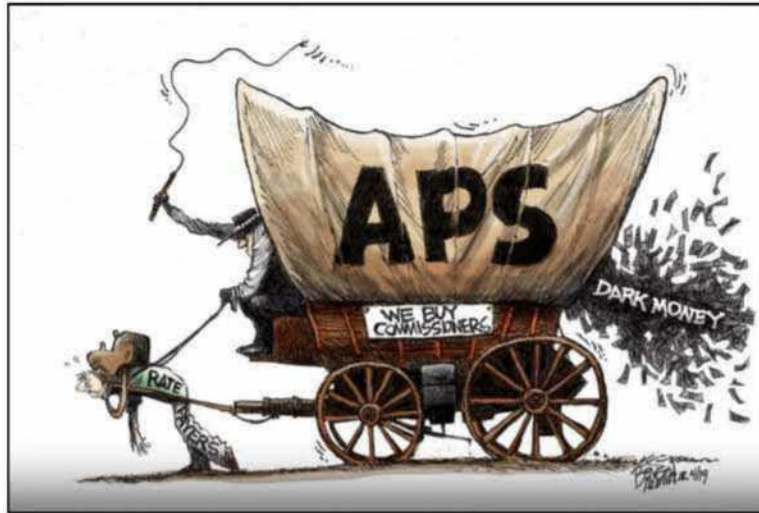
Date: October 11, 2021

Docket: APS Rate Case (E-01345A-19-0236)

Re: **Ignore the equity analysts' temper tantrums. Chairwoman, please explain your refusal to lower rates.**

Dear Chairwoman Márquez Peterson and Commissioners:

In 2019, the brilliant Mr. Steve Benson had a retort¹ worth a thousand words to the Wall Street leeches whose equity research reports APS has filed² in response to Commissioner Kennedy's request.



Regardless of the rationale. Really?

Particularly ticked off is Shahriar Pourreza at Guggenheim who brags on his LinkedIn profile that he has "cultivated a deep Rolodex of 'C' Suite executive contacts and industry players" and that he is "a frequent private and public company board presenter."³ Rolodex, huh? He ranted that ACC was "the single most value destructive regulatory environment in the country."⁴ Clearly, the people Mr. Pourreza represents are *not* the ratepayers pulling the APS wagon with the yoke fastened over their necks. They are large, wealthy investors with **92% ownership of the PNW shares⁵** who are behind the wagon collecting the money that's falling out — like **\$375 million in stock dividends in 2021** alone.

To Mr. Pourreza, who accuses the commissioners of misconstruing the fundamentals of utility ratemaking, "responsible"

is able to make in its clean energy transition plans. We have been disappointed to see that the ACC does not seem to understand that weakening Arizona Public Service's financial metrics **regardless of the rationale for doing so** is bound to ultimately drive up ratepayer bills despite offering no corresponding improvement in service to show for the higher costs.

ratemaking means giving the utility *whatever* it asks for with no questions asked. That's right. He says: Never weaken the financial metrics **regardless of the rationale for doing so** — especially when they drive

his credibility (#2 ranked stock picker in electric utilities) and his firm's profitability. No matter how badly APS screws up, neglects its customers, engages in unforgivable politicking, the Commission should never ever hold APS financially accountable — **regardless of the rationale for doing so**. Really? Looks like he forgot to read the rate case docket description: "In the matter of the application of Arizona Public Service Company for a hearing to determine the fair value of the utility property of the company for ratemaking purposes, to fix a just and reasonable rate of return thereon, to approve rate schedules designed to develop such return." Determining fair value of the property and fixing just and reasonable return sound like financial metrics to me. After all, why bother holding a hearing if the outcome must be preordained according to him to strengthen the financial metrics, which would inevitably mean higher customer rates?

And, of course, Mr. Pourreza doesn't quantify how much the ratepayer bills will "ultimately" go up due to higher borrowing costs vs. immediately go down due to lower ROE and imprudent disallowances. **(PS: Notwithstanding his fearmongering, as a ratepayer, I will take the under on lower bills because of lower ROE and disallowances.)**

¹ "APS Dark Money" cartoon by Steve Benson at: <https://www.azmirror.com/cartoons/?module=page=13>

² APS Response to Comm. Kennedy at: <https://docket.images.azcc.gov/E000016073.pdf?i=1633709496418>

³ Shar Pourreza LinkedIn Profile at: <https://www.linkedin.com/in/sharpourreza>

⁴ Guggenheim Investment Report at: <https://docket.images.azcc.gov/E000016064.pdf?i=1633709496418>

⁵ Pinnacle West Capital Corp at: <https://www.cnbc.com/quotes/PNW?tab=ownership>

Higher PNW Stock Price = Higher Rates

One thing is for sure: The lower the ROE and lower the imprudent expenses in rate base, the less the ratepayers will pay, the lower the APS profits will be, and lower will PNW stock price go. The haircut PNW stock took last week was precisely because the ratepayers would be paying less after a downward adjustment to the ROE (8.7% in adopted Olson #1 vs. the 10% APS request) and denial of certain expenses as it stands (e.g., SCR, AIAP, D&O) to be recovered from them. It's simple: Higher the PNW stock price, the higher the customer rates. And yet, Mr. Pourreza would have us drink the Koo-Aid that when you harm shareholders, you also automatically hurt ratepayers.

Evidence shows that shareholders win when the powerless customers are screwed. PNW stock shot up by **300%** from 2009-2018 on the back of APS's residential rates skyrocketing **30%** from 2008-2018.⁶ That 10x relationship indicates that

PNW SELL	
Pinnacle West Capital Corporation Sector: Power & Utilities	
Rating Change	
Share Price	\$74.18
Price Target	\$58.00
Prior	\$97.00

when for each 1% increase in rates, PNW stock rose by 10%. But when less money comes out of ratepayers' pockets, it makes the likes of Mr. Pourreza look bad. He had to eat crow and admit to the investors that he was late to the downgrade party and the \$97 PNW price target he had talked them into just a few days ago had to be slashed by nearly \$40 — not a good look for an equity analyst who brags about being the #2 ranked stock picker. Worse yet, every adopted amendment had bipartisan support (except Olson #6, which was superseded by O'Connor #1). In his temper tantrum disguised as a report, Mr.

Pourreza couldn't blame any one commissioner or party. So, instead of admitting failure to read the writing on the wall that even greedy monopolies who put profits before people must suffer consequences, he lashed out at the commission.

I'm sure Mr. Pourreza would have jumped for joy, praised the ACC, high-fived APS executives, and jacked up his price target if the ACC had authorized an 18.7% ROE, for example — something that would have absolutely destroyed the ratepayers. It probably didn't bother him that between 2013 and 2018, APS spent more than \$182 million on lobbying, marketing, grants, and political spending — or \$152 per customer.⁷ He probably didn't care that APS disconnected service 382,500 times while paying \$1.5 billion in dividends from 2015-2019. (Did he really think it would go unnoticed or will suffer no consequences?) No doubt he preferred the previous bought-and-paid-for commissions and likely agreed wholeheartedly with APS's assessment during its Q2 2015 PNW Earnings Call that the regulatory environment was **"increasingly constructive and supportive."** (That is utility industry lingo for rubberstamp commissions without a backbone.) Funny how that happens when APS spends dark money to buy regulators who are supposed to regulate it.

With that in mind, if lower profits force APS to tighten the belt on buying politicians, paying exorbitant executive compensation, and increasing the dividend for the ninth year in a row, by 6.1 percent, it would be a welcome change.

Every Wall Street firm disclosed potential conflict of interest that could affect objectivity of its report

Imagine how worthless your word would be if you as commissioners had a beneficial ownership of the Pinnacle West stock, received compensation from Pinnacle West for investment banking services, maintained a market in the stock, received compensation for non-investment banking services, provided non-securities services, and had a significant

Wells Fargo Securities, LLC and/or its affiliates, have beneficial ownership of 0.5% or more of any class of the common stock of Pinnacle West Capital Corporation.
Wells Fargo Securities, LLC or its affiliates received compensation for investment banking services from Pinnacle West Capital Corporation in the past 12 months.
Wells Fargo Securities, LLC or its affiliates intends to seek or expects to receive compensation for investment banking services in the next three months from an affiliate of Pinnacle West Capital Corporation.
Wells Fargo Securities, LLC maintains a market in the common stock of Pinnacle West Capital Corporation.
Wells Fargo Securities, LLC, or any of its affiliates, intends to seek or expects to receive compensation for investment banking services from Pinnacle West Capital Corporation in the next three months.
Wells Fargo Securities, LLC received compensation for products or services other than investment banking services from Pinnacle West Capital Corporation in the past 12 months.
Pinnacle West Capital Corporation currently is, or during the 12-month period preceding the date of distribution of the research report was, a client of Wells Fargo Securities, LLC. Wells Fargo Securities, LLC provided non-securities services to Pinnacle West Capital Corporation.
Pinnacle West Capital Corporation currently is, or during the 12-month period preceding the date of distribution of the research report was, a client of Wells Fargo Securities, LLC. Wells Fargo Securities, LLC provided investment banking services to Pinnacle West Capital Corporation.
Wells Fargo Securities, LLC or its affiliates has a significant financial interest in Pinnacle West Capital Corporation.

financial interest in Pinnacle West. Some or all of these conflicts of interest exist with virtually every firm whose equity research report APS submitted.

For example, read this fine print of

disclosures for Wells Fargo Securities. (This is the same Wells Fargo that was slapped with a **\$250 million fine** last month for failure to pay back wronged customers because the Office of the Comptroller of the Currency said the bank had not met the requirements of a 2018 consent order.)

⁶ The 2021 Paul Walker Sequel. 'Wall Street Sharks II: Supervillains to Saviors' at: <https://docket.images.azcc.gov/E000015407.pdf>

⁷ "APS political spending soared under Don Brandt. Will that change with a new CEO?" at: <https://www.energyandpolicy.org/aps-political-spending-soared-under-don-brandt-will-that-change-with-a-new-ceo/>

While the equity analyst's compensation may not be directly or indirectly tied to the specific recommendations (because that would be blatant and FINRA would come after them, again), as Goldman Sachs makes it clear in the fine print: **"Analysts are paid in part based on the profitability of Goldman Sachs, which includes investment banking revenues."**

Analyst compensation: Analysts are paid in part based on the profitability of Goldman Sachs, which includes investment banking revenues.

Translation: If the equity research analyst like Insoo Kim pisses off Pinnacle West, the company could take its business to a different firm and that could affect the firm's profitability and analyst's own compensation based on the profitability of the firm (not to mention the dirty looks the analyst will get from other divisions for losing them lucrative business). And that's exactly why the fine print aka "Important Disclosures" in virtually every report submitted by APS contains the nearly identical statement about **"a conflict of interest that could affect the objectivity of this report"** as follows:

BofA Securities does and seeks to do business with issuers covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

So, please ignore the temper tantrums by equity analysts and don't drink the Kool-Aid they are selling.

Chairwoman, can you please explain how your amendment and votes helped decrease rates?

"How Can We Achieve 9 Cents per Kilowatt-Hour for Arizona?" That was the question Chairwoman Márquez Peterson asked APS and parties to the pending APS Rate Case last year. Her letter stated: "A well thought out and concerted effort to **decrease rates will be absolutely necessary** if we're going to provide a meaningful catalyst for our citizens and economy to take off in the next five to ten years." A commissioner at the time, the Chairwoman sent out a press release⁸ and issued a prepared statement to the media denying that she had prejudged the rate case.⁹

APS, whose 2020 rate at 11.72 cents/kWh was already **30%** higher than the 9 cents target, refused to comment, ignored her letter, and thumbed its nose by seeking another 5% boost and asking for \$184 million more in the current rate case, (later reduced to \$169 million). **But when push came to shove and when the Chairwoman was presented with two substantial opportunities (SCR disallowance and lower ROE) to decrease rates during the October 4-6 Special Open Meeting, the Chairwoman reversed herself and turned her back on the ratepayers.**

Stop SCRewing the Ratepayers

The ROO at 114 stated that the SCR investments were imprudent "[b]ecause of APS's failure to reevaluate the need for Units 4 and 5 and the SCRs over the intervening years since Decision No. 74876." The ROO also rebutted the "used and useful" pretext by stating: "But the fact that plant is used and useful, alone, is not tantamount to prudence." As a result, the ROO disallowed \$460 million in rate base along with \$25 million in depreciation and amortization expenses for a total of **\$485 million disallowance**. RUCO had originally asked for a separate proceeding for SCRs *before* the ROO was published. But in its exceptions to the ROO on page 9, RUCO stated that it **"does not take exception to the ROO's recommendation"** and added that RUCO **"does not oppose the ROO's recommendation."**

And yet, the Chairwoman introduced **Márquez Peterson #3** amendment and used the power of the gavel to schedule it for a vote ahead of all the other amendments. It was unfortunately adopted. The amendment adopted RUCO's obsolete recommendation to hold the docket open for a separate proceeding. That wasn't the only problem with it. The amendment conflated the central issue of SCR prudence with the complex issue of securitization and tied it to the 2022 legislative session. The amendment asked for analysis to determine the reasonableness and prudence of the **ongoing** operating expenses associated with the 4CPP — when the ROO had concluded that prudence of the **original** SCR project investments had not been demonstrated in denying its recovery. The amendment declared that the evidence in the record was not sufficient, although ALJ Harpring who presided over the entire proceeding had rejected that claim.

The ROO had permanently eliminated \$485 million, but by giving APS a new lease on life, the Chairwoman has raised a distinct possibility that some or all of the disallowance would work itself back into customers' bills — securitization or not.

⁸ Arizona Corporation Commission News Release on 11-17-20 at: <https://azcc.gov/news/2020/11/17/commissioner-lea-m%C3%A1rquez-peterson-asks-aps-parties-to-pending-aps-rate-case-how-can-we-achieve-9-cents-per-kilowatt-hour-for-arizona>

⁹ Arizona Corporation Commissioner Lea Márquez Peterson says APS should cut rates by 25% at: <https://www.azcentral.com/story/money/business/energy/2020/11/17/aps-should-cut-rates-25-says-arizona-corporation-commissioner/6312801002/>

And commissioners must not forget this **Oct. 2013** exchange between Shar Pourreza (then at Citigroup) and then-CFO

OCTOBER 31, 2013 / 04:00PM GMT, PNW - Q3 2013 Pinnacle West Capital Corporation Earnings Conference Call

Shar Pourreza - Citigroup - Analyst

Good. Out it and then just let me ask you one question on Four Corners. The transaction is going to close pretty, timing wise, pretty close to when the EPA can announce potential carbon legislation on existing assets.

Can you give us an update on where the ACC or APS or the Governor is with the EPA on potential impacts? Because, obviously, there's going to be litigation as a result of it, but ultimately can lead to pretty high capital requirements of these assets? Can we get a status on that?

Jim Hatfield - Pinnacle West Capital Corporation - CFO

Yes and just in terms of Four Corners and the EPA, I think the EPA came out earlier this year which was for new sources and their coming out with existing sources won't be for another additional amount of time. So our plans right now are to just close the transaction and install SCRs in 2017 and 2018 and we think that will fit within the EPA guidelines.

Jim Hatfield. Mr. Pourreza asked about the 4CPP litigation and **"pretty high capital requirements of these assets."** Jim Hatfield replied: **"So our plans right now are to just close the transaction and install SCRs in 2017 and 2018 and we think that will fit within the EPA guidelines."**¹⁰

We now know that APS's Oct. 2013 plans to install SCRs never ever veered. Installation of SCRs was preordained.

APS rammed through the SCRs after closing the SCE acquisition transaction for Units 4 and 5 and obtaining Decision No. 74876. Evidentiary record shows that APS never reevaluated the need for Units 4 and 5 and never evaluated a pre-2038 retirement of 4CPP until its 2017 IRP. It is already clear as the Sierra Club has shown and as the ROO has stated that APS never seriously considered an alternative to its plans.

Or did they? When APS was fearmongering to defeat Prop. 127 in Nov. 2018, APS told investors that customers would "bear the brunt" of forced early retirement of Palo Verde (\$1.9 billion) and **4CPP (\$1.3 billion)** and how that disastrous scenario would increase rate base estimates and likely **double customer bills**, based on Q2 2018 Earnings Call Transcript.

Pinnacle West Capital Corp. (PNW) Q2 2018 Earnings Call	Corrected Transcript 03-Aug-2018
Further, customers would bear the brunt of our recovery of the costs associated with the forced early retirement of existing facilities. At the time of a possible early retirement, the remaining book value and other costs associated with the early shutdown for Palo Verde Generating Station and the Four Corners Power Plant could be \$1.9 billion and \$1.3 billion, respectively. While we expect the Steyer-funded ballot initiative would significantly increase our rate base estimates, customer bills in 2030 would likely be double today's bills.	

Oh no! And yet, within months, APS announced its own "clean energy commitment" in early 2020 (after filing the rate case in Oct. 2019, of course) along with early retirement of 4CPP! **So here's the \$485 million question: Did APS seriously consider 4CPP early retirement scenario? Answer: Yes, when it suited APS's false and fearmongering narrative. No (as in the rate case) when it could demonstrate that the \$485 million SCR investment APS made was imprudent.**

Márquez Peterson #3 amendment to the ROO has let APS off the hook and SCRewed the ratepayers by depriving them of a permanent \$485 million rate base reduction. I STRONGLY URGE COMMISSIONERS KENNEDY AND OLSON TO ASK TO RECONSIDER THEIR "YES" VOTES FOR MÁRQUEZ PETERSON #3 AT THE NEXT OPEN MEETING.

ROE must remain at 8.7% per Olson #1 amendment, but why the only "no" vote by the Chairwoman?

RUCO had presented evidence in the rate case proceeding that APS deserved a much lower ROE of 8.7%. The ROO

"APS's ineffective 2016 Rate Case CEOP, its error with the Rate Comparison Tool, and the resulting poor customer satisfaction must be properly addressed. Based on the Overland Report, we have already determined that there were significant deficiencies in APS's 2016 Rate Case CEOP (Decision No. 77270). The overwhelmingly negative Alexander Report also identified substantial "shortcomings" and "deficiencies" in the CEOP. These deficiencies would explain much of the customer confusion and complaints after the new rates went into effect. As RUCO noted, the resulting poor customer satisfaction is reflected in APS's low ranking among West Region utilities in J.D. Power's 2019 rankings. Further, the EnergyTools Report confirmed that an error was introduced into the RC Tool 1 in February 2019, leading to incorrect recommendations until November 2019 when it was removed from APS's website. APS was forced to refund customers that were identified as potentially affected by the errors in the rate tool. APS later provided additional refunds as part of its settlement with the Arizona Attorney General's complaint against the Company related to its 2016 Rate Case CEOP and Rate Comparison Tool error. However, as the EnergyTools Report noted, because APS's website did not fully log the data of users of RC Tool 1, it is impossible to assess how many customers used it and were influenced by it in selecting rate plans. In addition to the requirements we include below, APS's poor customer service performance merits a 20-basis-point downward adjustment in ROE as recommended by RUCO and reflected in our resolution in Section VI(C)."

recommended 9.16%. (Staff didn't file an exception because 9.16% was within their range of 9.3-9.5%. What?) I explained in detail why the ROO didn't go nearly far enough and that a much lower ROE was justified due to management inefficiency for which there is precedence.¹¹ Commissioners Olson and Kennedy both proposed amendments with RUCO's calculated Cost of Equity of 8.9% with a 20-basis point reduction justified by a long list of deficiencies in APS's customer service performance along with the language cited in Olson #1 here with which nobody (except APS) would disagree.

Olson #1 amendment reduces base rate revenue requirement by a sizable \$97 million, according to my calculation.¹² Fortunately, Olson #1 passed 4-1, but only Chairwoman Márquez Peterson voted against it!

¹⁰ APS Response to Comm. Kennedy's Administrative Subpoena, K-ACC00021, at: <https://docket.images.azcc.gov/0000197007.pdf#page=61>

¹¹ "The ROO Is a Good Start, but It Doesn't Go Nearly Far Enough" at: <https://docket.images.azcc.gov/E000015847.pdf>

¹² The \$34.482 million reduction due to 0.46% ROE decrease (9.16% in the ROO vs. 8.7% in Olson #1) equates to **\$97.45 million** reduction in base rate revenue requirement for the 1.3% reduction (APS's 10% request vs. 8.7% adopted in Olson #1)

In explaining why she refused to lower ratepayer bills by \$97 million when she believed last year that decreasing rates substantially will be "absolutely necessary," the Chairwoman said: "I don't think this ROE adequately recognizes the financial realities of our transition to clean energy."

First, it must be noted, that the Chairwoman has been throwing every possible obstacle in our transition to clean energy. Her rhetoric about clean-energy rules doesn't match reality. She has reversed her position from a year ago and has voted down a bipartisan set of clean-energy rules twice in one month. By calling standards a "blank check" she relinquished the primary role of the ACC to serve as utility regulators.¹³

Second, there is no evidence — other than fearmongering by APS about the sky falling — that the company will be unable to raise capital for worthy and prudent projects. In fact, Chairwoman's support for clean energy standards — rather than her failed attempt to dilute them to "goals" — would provide greater financial certainty and facilitate raising capital for transition to clean energy. That would be a much better approach compared to awarding fatter profit margins to the fat cats.

Third, if APS is unable to raise the necessary capital, then the ACC needs to bring in other competitive suppliers who can — an effort that the Chairwoman has stymied. Retail competitors will be thrilled to provide electricity for 8.7% ROE. And I hope the Chairwoman didn't fall for Mr. Guldner's substation background or "I-wish-I-could-change-it-but-I-can't" line. While Mr. Guldner certainly can't change the past as fast as he can change his background, he was on center stage through every one of the APS shenanigans — not to mention the fact that he was Don Brandt's right-hand man throughout. The well-deserved hammering APS has received has not yet hit where it hurts most — in its pocketbook.

Chairwoman, can you please explain to APS ratepayers what meaningful levers the Commission has to lower rates — other than ruling unnecessary expenses like SCRs imprudent and lowering the Return on Equity, and why you reversed yourself in not supporting them, especially when you had said that decreasing rates substantially will be absolutely necessary to provide a meaningful catalyst for our citizens and economy to take off in the next 5-10 years?

And maybe Arizona Chamber and GPEC can explain to ratepayers how raising utility rates is in the best interest of Arizona's residents, all businesses (except APS), and economic growth.

Finally, to counter the Wall Street analysts' self-serving, Chicken-Little reports, I am attaching as Attachment 1, a recent column by Laurie Roberts in the Arizona Republic that takes a somewhat different position.¹⁴ Ms. Roberts says, "**Not so long ago, the five-member Corporation Commission amounted to a wholly-owned subsidiary of APS,**" and calls Wednesday's decision to cut APS's profitability "**astonishing.**" She adds: "**Finally, we have utility regulators who are willing to regulate utilities.**"

APS may get ... a rate cut? THIS, Arizona, is Exhibit A in why your vote matters

OPINION: APS is looking at a rate cut? Finally, we have utility regulators who are willing to regulate utilities.

Laurie Roberts Arizona Republic

Published 12:34 p.m. MT Oct. 7, 2021 | Updated 1:33 p.m. MT Oct. 7, 2021

¹³ "Lea Marquez Peterson's rhetoric about clean-energy rules doesn't match reality" at: <https://www.azcentral.com/story/opinion/op-ed/2021/06/29/clean-energy-rules-no-blank-check-utilities/5326491001/>

¹⁴ APS may get ... a rate cut? THIS, Arizona, is Exhibit A in why your vote matters at: <https://www.azcentral.com/story/opinion/op-ed/laurieroberts/2021/10/07/aps-may-get-rate-cut-yes-arizona-your-vote-really-does-matter/6039399001/>

ATTACHMENT 1

LAURIE ROBERTS | **Opinion** *This piece expresses the views of its author(s), separate from those of this publication.*

APS may get ... a rate cut? THIS, Arizona, is Exhibit A in why your vote matters

OPINION: APS is looking at a rate cut? Finally, we have utility regulators who are willing to regulate utilities.

Laurie Roberts Arizona Republic

Published 12:34 p.m. MT Oct. 7, 2021 | Updated 1:33 p.m. MT Oct. 7, 2021

A funny thing happened this week as Arizona Public Service executives were marching toward yet another money grab from its long-suffering customers.

They ran smack into the state's utility regulators, who, at long last, appear ready to actually regulate the state's largest and most powerful utility.

Instead of the usual rubber stamp, APS execs this week bounced off a rubber wall.

Instead of agreeing to APS's request to raise rates by an average of nearly 5%, it appears the Republican-dominated Arizona Corporation Commission may actually cut the amount that APS can charge its customers.

Oh, it may not mean that you'll actually pay less, given other cost surcharges the utility is allowed to automatically increase and pass along to its customers.

But you won't wind up having to pay an average of 4.9% more in the base rate.

That thump you just heard? That's the board of directors of Pinnacle West Capital Corp., the parent company of APS, hitting the marble floor in a dead faint.

It just shows what can happen when voters start paying attention.

Not so long ago, the five-member Corporation Commission amounted to a wholly-owned subsidiary of APS.

The monopoly utility's profits soared after it spent nearly \$15 million — most of it secretly thanks to the state's liberal dark money laws — to stack the commission with friendly faces in

2014 and 2016.

It immediately paid off.

In 2017, the commission rubber stamped a \$95 million APS rate hike, one that was sold to us as an average 4.5% boost. But fully a third of APS's residential customers, about 300,000 households, saw rate hikes double and even triple that as the utility was sucking in far more than its allowable cash grab.

Even so, regulators declined in 2019 to reverse the rate hike, instead ordering APS to issue refunds and file a new rate case.

Which brings us to now, when APS is asking for *even more* of our money. This time, it wants \$169 million, boosting rates by an average of 4.9%

But 2021 is not 2017, thanks to two election cycles in which voters installed a whole new Corporation Commission.

After three days of hearings, the commission on Wednesday settled a key element of that rate request, approving a sizable cut in the profits that APS will be able to score off of its customers. The commission voted 4-1 to slash the amount the utility can earn on its investments from 10% to 8.7%.

That, alone, should save customers \$34 million a year, according to Commissioner Justin Olson.

APS CEO Jeff Guldner on Wednesday pleaded with the commission not to cut its return on equity, saying it'll impact the utility's ability to finance new projects and ultimately cost customers more.

Guldner is not the architect of APS's past schemes. He replaced longtime Pinnacle West/APS CEO Don Brandt who in 2019 suddenly found he had a hankering to retire after his political skulgugger was outed and his company's reputation was shredded — though its profits were considerably padded.

Guldner, who vowed to stay out of Corporation Commission races, told the commission he's working to change the culture and direction of APS but can't change the past.

"I wish I could change it, but I can't," Guldner said.

Nor can the rest of us forget it just yet.

While I don't pretend to know much about the intricacies of utility finance, I do know that APS has for years been allowed to charge its customers substantially more than other utilities.

That it snookered voters into electing puppet commissioners and as the result, its profits — and our utility bills — soared.

Now we finally have a commission that not only does understand the intricacies of utility finance, it also understands its considerable responsibility to the utility's captive customers.

The commission still has a few decisions to make before a final vote on APS's rate hike request but for all you voters who wonder whether your vote matters?

Give yourself a high five because this is a sight to behold.

Wednesday's decision to cut APS' profitability is ... well, there really is only one word for it.

Astonishing.

Remember this next year, as you ponder whether your vote counts.

Reach Roberts at laurie.roberts@arizonarepublic.com. Follow her on Twitter at [@LaurieRoberts](https://twitter.com/LaurieRoberts).

Support local journalism:Subscribe to azcentral.com today.